

FOND DU LAC COUNTY, WISCONSIN
Statement of Net Assets
December 31, 2009

	Primary Government			Component Unit June 30, 2009
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 14,024,988	\$ 10,593,978	\$ 24,618,966	\$ 345,807
Receivables				
Delinquent property taxes	2,162,285	-	2,162,285	-
Property taxes levied for ensuing year's budget	35,329,691	1,286,487	36,616,178	-
Accounts, net	1,713,457	1,093,809	2,807,266	21,828
Loans	21,236,687	-	21,236,687	-
Accrued interest	226,415	-	226,415	600
Internal balances	1,297,147	(1,297,147)	-	-
Due from other governments	1,547,255	869,469	2,416,724	-
Inventories and prepaid items	682,156	2,065,636	2,747,792	19,097
Capital assets, net of accumulated depreciation				
Work in progress	-	7,121	7,121	49,775
Land	3,276,455	1,152,212	4,428,667	17,387
Land improvements	5,762,657	14,368,649	20,131,306	-
Buildings/building improvements	53,899,741	9,684,595	63,584,336	2,366,167
Machinery and equipment	17,281,936	14,057,668	31,339,604	95,986
Infrastructure	59,116,572	-	59,116,572	-
Less: Accumulated depreciation	(64,437,065)	(22,701,470)	(87,138,535)	(1,407,381)
TOTAL ASSETS	153,120,377	31,181,007	184,301,384	1,509,266

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Net Assets (continued)
December 31, 2009

	Primary Government			Component Unit June 30, 2009
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable	1,286,941	390,952	1,677,893	3,815
Accrued payables	-	3,372,471	3,372,471	-
Accrued payroll liabilities	3,424,014	1,069,930	4,493,944	5,837
Accrued interest payable	611,569	-	611,569	-
Due to other governments	651,775	5,416	657,191	15,882
Deferred property tax revenues	35,796,891	1,286,487	37,083,378	-
Unearned revenues	274,497	59,291	333,788	250
Other liabilities	109,738	-	109,738	12,033
Long-term obligations				
Due within one year	4,442,333	237,819	4,680,152	-
Due in more than one year	52,413,372	654,928	53,068,300	-
TOTAL LIABILITIES	99,011,130	7,077,294	106,088,424	37,817
NET ASSETS				
Invested in capital assets, net of related debt	43,473,133	16,441,471	59,914,604	1,121,934
Restricted - cash	-	-	-	169,590
Restricted - CDBG loans	1,236,687	-	1,236,687	-
Restricted - Care Management Organization	-	6,844,117	6,844,117	-
Restricted - sheriff canine fund	50,000	-	50,000	-
Unrestricted	9,349,427	818,125	10,167,552	179,925
TOTAL NET ASSETS	\$ 54,109,247	\$ 24,103,713	\$ 78,212,960	\$ 1,471,449

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Activities
Year Ended December 31, 2009

Functions/Programs	Primary Government						Component Unit	
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			June 30, 2009	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Housing Authority	
PRIMARY GOVERNMENT								
Governmental Activities								
General government	\$ 8,581,050	\$ 3,391,070	\$ 714,698	\$ -	\$ (4,475,282)	\$ -	\$ (4,475,282)	\$ -
Public safety	17,504,052	3,001,338	239,060	-	(14,263,654)	-	(14,263,654)	-
Public works	5,444,202	92,630	2,007,666	-	(3,343,906)	-	(3,343,906)	-
Health and human services	32,946,923	7,683,460	15,396,473	-	(9,866,990)	-	(9,866,990)	-
Culture, recreation and education	3,572,563	306,781	165,303	-	(3,100,479)	-	(3,100,479)	-
Conservation and development	2,674,386	404,770	910,983	-	(1,358,633)	-	(1,358,633)	-
Interest on debt	1,396,305	-	-	-	(1,396,305)	-	(1,396,305)	-
Total Governmental Activities	72,119,481	14,880,049	19,434,183	-	(37,805,249)	-	(37,805,249)	-
Business-type Activities								
Highway	10,680,532	10,474,733	46,452	-	(159,347)	(159,347)	(159,347)	-
Care Management Organization	35,074,195	32,859,379	92,980	-	(2,121,836)	(2,121,836)	(2,121,836)	-
Health Care Center	8,425,968	5,603,247	1,029,896	-	(1,792,825)	(1,792,825)	(1,792,825)	-
Rolling Meadows Nursing/Rehab Center	2,553,956	1,659,887	242,956	-	(651,113)	(651,113)	(651,113)	-
Airport	700,641	103,228	-	227,407	(370,006)	(370,006)	(370,006)	-
Golf Course	864,532	632,635	-	-	(231,897)	(231,897)	(231,897)	-
Landfill	64,269	6,144	-	-	(58,125)	(58,125)	(58,125)	-
Total Business-type Activities	58,364,093	51,339,253	1,412,284	227,407	(5,385,149)	(5,385,149)	(5,385,149)	-
Total Primary Government	\$ 130,483,574	\$ 66,219,302	\$ 20,846,467	\$ 227,407	(37,805,249)	(5,385,149)	(43,190,398)	-
COMPONENT UNIT								
Housing Authority	\$ 2,101,768	\$ 110,626	\$ 1,738,786	\$ 4,405	-	-	-	(247,951)

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Activities (continued)
Year Ended December 31, 2009

Functions/Programs	Primary Government					Component Unit June 30, 2009
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Expenses						
General revenues						
Property taxes, levied for general purposes				28,077,911	1,498,443	29,576,354
Property taxes, levied for debt service				4,743,448	-	4,743,448
Other taxes				872,936	143	873,079
State and federal aids not restricted to specific functions				3,561,043	-	3,561,043
Interest and investment earnings				445,661	50,922	496,583
Gain (loss) on sale of capital assets				69,403	6,034	75,437
Miscellaneous				659,389	497,107	1,156,496
Transfers				(1,357,687)	1,357,687	-
Total general revenues and net transfers				37,072,104	3,410,336	40,482,440
Change in net assets				(733,145)	(1,974,813)	(2,707,958)
Net assets - beginning of year				54,842,392	26,078,526	80,920,918
Net assets - end of year				\$ 54,109,247	\$ 24,103,713	\$ 78,212,960
						\$ 1,471,449

FOND DU LAC COUNTY, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2009

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 11,001,474	\$ 1,286,019	\$ 195,806	\$ 1,241,019	\$ 90,743	\$ -	\$ 112,543	\$ 13,927,604
Receivables								
Taxes	18,271,727	3,009,895	4,176,780	7,108,638	-	5,266,881	-	37,833,921
Accounts	925,251	-	222,027	7,124	-	-	1,684	1,156,086
Loans	21,261,687	-	-	-	-	-	-	21,261,687
Accrued interest	226,205	-	-	-	-	-	210	226,415
Due from other funds	1,297,147	-	-	-	-	-	-	1,297,147
Due from other governments	962,227	-	458,329	126,699	-	-	-	1,547,255
Inventories and prepaid items	378,682	-	136,844	148,952	-	-	1,946	666,424
TOTAL ASSETS	\$ 54,324,400	\$ 4,295,914	\$ 5,189,786	\$ 8,632,432	\$ 90,743	\$ 5,266,881	\$ 116,383	\$ 77,916,539
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 511,256	\$ -	\$ 404,093	\$ 366,075	\$ -	\$ -	\$ 1,600	\$ 1,283,024
Accrued payroll liabilities	2,110,787	-	498,038	754,849	-	-	14,016	3,377,690
Due to other governments	467,041	-	56,760	127,974	-	-	-	651,775
Deferred revenues	38,036,563	3,009,895	4,176,780	7,224,848	-	5,266,881	-	57,713,967
Other liabilities	103,792	-	-	5,946	-	-	-	109,738
Total Liabilities	41,228,439	3,009,895	5,135,671	8,479,692	-	5,266,881	15,616	63,136,194

FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2009

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances								
Reserved for								
Inventories and prepaid items	378,682	-	136,844	148,952	-	-	1,946	666,424
Delinquent property taxes	1,424,090	-	-	-	-	-	-	1,424,090
Sheriff canine fund	-	-	-	-	-	-	50,000	50,000
Unreserved								
Designated	6,429,430	1,286,019	-	-	90,743	-	48,821	7,855,013
Undesignated (Deficit)	4,863,759	-	(82,729)	3,788	-	-	-	4,784,818
Total Fund Balances	13,095,961	1,286,019	54,115	152,740	90,743	-	100,767	14,780,345
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,324,400	\$ 4,295,914	\$ 5,189,786	\$ 8,632,432	\$ 90,743	\$ 5,266,881	\$ 116,383	\$ 77,916,539

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FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2009

Reconciliation to the Statement of Net Assets:

Total Fund Balances as shown on previous page

\$ 14,780,345

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

General capital assets, net of accumulated depreciation

\$ 74,868,803

Internal Service Fund capital assets, net of accumulated depreciation

74,900,296

Other long-term liabilities, deferred debt issuance premium, are not available to pay for current period expenditures and therefore are not reported in the funds.

(86,435)

Internal service funds are used by management to charge the costs of central maintenance and self insured health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Total internal service fund net assets

65,100

Capital assets, net of depreciation, included above

(31,493)

Long term liabilities included below

62,875

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds and notes payable

(54,145,000)

State trust fund loan

(228,000)

Alliant energy advance

(239,163)

Compensated absences

(1,317,461)

Other post employment benefits

(926,081)

Accrued interest on long-term obligations

(57,467,274)

Revenues not meeting the availability criteria:

Deferred Revenue - Community Development Block Grant - Fond du Lac County Economic Development Corp.

1,236,687

Deferred Revenue - Mercury Marine Loan - Fond du Lac County Economic Development Corp.

20,000,000

Deferred Revenue - Clerk of Courts

202,981

Deferred Revenue - Interest and Penalty on Property Taxes

21,919,440

Net Assets of Governmental Activities as reported on the Statement of Net Assets (See pages 14 - 15)

\$ 54,109,247

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2009

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 15,241,009	\$ 3,022,855	\$ 3,911,323	\$ 6,511,919	\$ -	\$ 4,743,115	\$ -	\$ 33,430,221
Intergovernmental	7,951,857	2,007,666	3,730,689	8,323,584	-	-	417,359	22,431,155
Licenses and permits	387,548	-	-	-	-	-	-	387,548
Fines and forfeits	639,443	-	-	-	-	-	-	639,443
Public charges for services	3,361,580	92,630	2,363,936	1,113,910	-	-	125,109	7,057,165
Intergovernmental charges for services	3,812,558	-	2,006,035	-	-	-	22,676	5,841,269
Interdepartmental charges for services	3,277,461	-	317,603	219,566	-	-	-	3,814,630
Miscellaneous	1,612,295	-	367	270,219	1,719	-	1,587	1,886,187
Investment earnings	438,663	1,584	-	-	3,673	-	-	443,920
Prior year revenue	-	-	304,823	-	-	-	-	304,823
Total Revenues	36,722,414	5,124,735	12,634,776	16,439,198	5,392	4,743,115	566,731	76,236,361
Expenditures								
Current								
General government	10,405,082	-	-	-	-	-	-	10,405,082
Public safety	15,839,269	-	-	-	-	-	-	15,839,269
Public works	-	6,274,060	-	-	-	-	-	6,274,060
Health and human services	6,371,227	-	11,365,967	15,345,383	-	-	551,299	33,633,876
Culture, recreation and education	3,211,208	-	-	-	-	-	-	3,211,208
Conservation and development	22,775,050	-	-	-	-	-	-	22,775,050
Capital outlay	546,500	-	-	-	1,588,829	-	-	2,135,329
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	5,649,156	-	5,649,156
Interest and fiscal charges	-	-	-	-	-	1,187,742	-	1,187,742
Total Expenditures	59,148,336	6,274,060	11,365,967	15,345,383	1,588,829	6,836,898	551,299	101,110,772

FOND DU LAC COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances (continued)

Governmental Funds

Year Ended December 31, 2009

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficit) of Revenues Over Expenditures	(22,425,922)	(1,149,325)	1,268,809	1,093,815	(1,583,437)	(2,093,783)	15,432	(24,874,411)
Other Financing Sources (Uses)								
Long-term debt issued	22,303,522	1,410,000	-	228,000	1,100,000	2,071,478	-	27,113,000
Issuance premium on long term debt	-	-	-	-	-	287,600	-	287,600
Debt issuance costs	-	-	-	-	-	(303,751)	-	(303,751)
Transfers in	2,780,869	-	-	-	-	75,003	-	2,855,872
Transfers out	(1,192,501)	(326,395)	(1,370,794)	(1,269,075)	-	(48,794)	-	(4,207,559)
Total Other Financing Sources (Uses)	23,891,890	1,083,605	(1,370,794)	(1,041,075)	1,100,000	2,081,536	-	25,745,162
Net Change in Fund Balances	1,465,968	(65,720)	(101,985)	52,740	(483,437)	(12,247)	15,432	870,751
Fund Balances - Beginning of Year	11,629,993	1,351,739	156,100	100,000	574,180	12,247	85,335	13,909,594
Fund Balances - End of Year	\$ 13,095,961	\$ 1,286,019	\$ 54,115	\$ 152,740	\$ 90,743	\$ -	\$ 100,767	\$ 14,780,345

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FOND DU LAC COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balance (continued) Governmental Funds

Year Ended December 31, 2009

Reconciliation to the Statement of Activities:

Net Change in Fund Balances from previous page

\$ 870,751

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay

\$ 6,611,975

Depreciation expense

(5,449,150)

1,162,825

The net effect of the loss on disposal of capital assets is to decrease net assets.

(143,199)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

19,699,535

The net expenditure of the central maintenance internal service fund is reported with governmental activities.

(1,212)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

Issuance of general obligation promissory notes

(27,113,000)

Principal repayments:

General obligation debt

5,425,000

Alliant Energy advance

224,156

(21,463,844)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Expense transactions:

Compensated absences

(45,401)

Other post employment benefits

(465,944)

Accrued interest

(208,563)

Amortization of issuance costs

(138,093)

(858,001)

Change in Net Assets of Governmental Activities as reported on the Statement of Activities (see pages 16 - 17)

\$ (733,145)

The notes to the basic financial statements are an integral part of this statement.

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 15,635,864	\$ 15,420,430	\$ 15,241,009	\$ (179,421)
Intergovernmental	7,455,349	7,879,517	7,951,857	72,340
Licenses and permits	355,600	356,870	387,548	30,678
Fines and forfeits	688,017	688,017	639,443	(48,574)
Public charges for services	3,298,095	3,298,095	3,361,580	63,485
Intergovernmental charges for services	3,381,994	3,409,709	3,812,558	402,849
Interdepartmental charges for services	3,249,617	3,250,217	3,277,461	27,244
Miscellaneous	1,611,110	1,633,246	2,050,958	417,712
Total Revenues	35,675,646	35,936,101	36,722,414	786,313
Expenditures				
Current				
General government	10,442,025	11,054,187	10,405,082	649,105
Public safety	15,710,289	16,798,479	15,839,269	959,210
Health and human services	6,357,475	6,940,597	6,371,227	569,370
Culture, recreation and education	3,096,158	3,571,493	3,211,208	360,285
Conservation and development	1,861,506	22,021,518	22,775,050	(753,532)
Capital outlay	1,616,000	1,705,296	546,500	1,158,796
Contingency	480,000	171,205	-	171,205
Total Expenditures	39,563,453	62,262,775	59,148,336	3,114,439
Excess (Deficit) of Revenues Over Expenditures	(3,887,807)	(26,326,674)	(22,425,922)	3,900,752
Other Financing Sources (Uses)				
Long-term debt issued	1,595,000	21,600,090	22,303,522	703,432
Transfers in	150,000	150,000	2,780,869	2,630,869
Transfers out	(225,000)	(225,000)	(1,192,501)	(967,501)
Total Other Financing Sources (Uses)	1,520,000	21,525,090	23,891,890	2,366,800
Net Change in Fund Balance	(2,367,807)	(4,801,584)	1,465,968	6,267,552
Fund Balance - Beginning of Year	11,629,993	11,629,993	11,629,993	-
Fund Balance - End of Year	\$ 9,262,186	\$ 6,828,409	\$ 13,095,961	\$ 6,267,552

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Road & Bridge Fund
Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,007,535	\$ 3,022,855	\$ 3,022,855	\$ -
Intergovernmental				
CHIPS funding	317,000	317,000	298,237	(18,763)
Local transportation aids	1,710,060	1,710,060	1,709,429	(631)
Public charges for services				
Damage reimbursement	-	-	92,630	92,630
Investment earnings	-	-	1,584	1,584
Total Revenues	5,034,595	5,049,915	5,124,735	74,820
Expenditures				
Current				
Public works				
County highway maintenance	5,583,910	5,933,529	4,443,592	1,489,937
County highway winter maintenance	1,565,880	1,565,880	1,137,812	428,068
County construction/road & bridge	182,830	182,830	692,656	(509,826)
Total Expenditures	7,332,620	7,682,239	6,274,060	1,408,179
Excess (Deficit) of Revenues Over Expenditures	(2,298,025)	(2,632,324)	(1,149,325)	1,482,999
Other Financing Sources (Uses)				
Long-term debt issued	1,410,000	1,410,000	1,410,000	-
Transfers out	(129,415)	(129,415)	(326,395)	(196,980)
Total Other Financing Sources (Uses)	1,280,585	1,280,585	1,083,605	(196,980)
Net Change in Fund Balance	(1,017,440)	(1,351,739)	(65,720)	1,286,019
Fund Balance - Beginning of Year	1,351,739	1,351,739	1,351,739	-
Fund Balance - End of Year	\$ 334,299	\$ -	\$ 1,286,019	\$ 1,286,019

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Department of Community Programs

Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,911,323	\$ 3,911,323	\$ 3,911,323	\$ -
Intergovernmental				
Basic allocation	1,657,826	1,657,826	1,657,826	-
CLTS	959,133	959,133	1,323,875	364,742
Birth to Three	235,630	235,630	242,988	7,358
Family support	98,901	98,901	84,086	(14,815)
Alcohol and other drug abuse	291,287	291,287	291,287	-
Integrated service	80,000	80,000	80,000	-
Non-resident	-	-	13,320	13,320
Mental health	37,307	37,307	37,307	-
Public charges for services				
Mental health	1,769,860	1,769,860	1,864,903	95,043
Developmental disabilities	33,880	33,880	33,107	(773)
Alcohol and other drug abuse	320,490	320,490	349,924	29,434
Administration	115,450	115,450	116,002	552
Intergovernmental charges for services				
Acute unit - net	1,872,000	1,872,000	2,006,035	134,035
Interdepartmental charges for services	318,427	318,427	317,603	(824)
Miscellaneous	-	-	367	367
Prior year revenue	300,000	300,000	304,823	4,823
Total Revenues	12,001,514	12,001,514	12,634,776	633,262
Expenditures				
Current				
Health and human services				
Mental health	8,248,859	8,370,124	7,919,519	450,605
Developmental disabilities	1,818,946	1,830,142	1,732,083	98,059
Physical disabilities	32,830	32,830	34,563	(1,733)
Alcohol and other drug abuse	1,288,681	1,300,100	1,056,936	243,164
Administration	612,198	624,418	622,866	1,552
Total Expenditures	12,001,514	12,157,614	11,365,967	791,647
Excess (Deficit) of Revenues Over Expenditures	-	(156,100)	1,268,809	1,424,909
Other Financing Sources (Uses)				
Transfers out	-	-	(1,370,794)	(1,370,794)
Net Change in Fund Balance	-	(156,100)	(101,985)	54,115
Fund Balance - Beginning of Year	156,100	156,100	156,100	-
Fund Balance - End of Year	\$ 156,100	\$ -	\$ 54,115	\$ 54,115

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Department of Social Services
Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 6,345,900	\$ 6,511,919	\$ 6,511,919	\$ -
Intergovernmental				
Child care	216,278	216,278	216,278	-
Community options/waivers	564,513	564,513	592,739	28,226
General relief	8,060	8,060	6,100	(1,960)
Income maintenance	2,919,907	2,919,907	3,115,780	195,873
Kinship	201,241	201,241	192,725	(8,516)
Low income home energy assistance	90,188	90,188	154,904	64,716
Social welfare - basic county allocation	3,330,350	3,330,350	3,340,533	10,183
Youth aids	590,000	590,000	534,189	(55,811)
Administration	218,881	218,881	170,336	(48,545)
Public charges for services				
Child care	38,000	38,000	41,049	3,049
Community options/waivers	12,500	12,500	12,968	468
Income maintenance	4,131	4,131	5,920	1,789
Social welfare - basic county allocation	1,141,330	1,141,330	818,485	(322,845)
Youth aids	280,500	280,500	235,488	(45,012)
Interdepartmental charges for services				
Social welfare - basic county allocation	125,000	125,000	190,217	65,217
Youth aids	29,349	29,349	29,349	-
Miscellaneous	43,342	43,342	270,219	226,877
Total Revenues	16,159,470	16,325,489	16,439,198	113,709
Expenditures				
Current				
Health and human services				
Adult abuse	36,742	36,742	36,918	(176)
Child care	254,248	254,248	260,546	(6,298)
Community options/waivers	578,013	578,013	605,780	(27,767)
General relief	25,750	25,750	27,123	(1,373)
Income maintenance	4,168,067	4,214,957	4,001,132	213,825
Kinship	201,241	201,241	192,738	8,503
Low income home energy assistance	90,188	90,188	154,906	(64,718)
Social welfare - basic county allocation	8,614,201	9,063,330	7,712,361	1,350,969
Youth aids	1,894,220	1,894,220	2,077,179	(182,959)
Administration	296,800	296,800	276,700	20,100
Total Expenditures	16,159,470	16,655,489	15,345,383	1,310,106
Excess (Deficit) of Revenues				
Over Expenditures	-	(330,000)	1,093,815	1,423,815
Other Financing Sources (Uses)				
Long-term debt issued	-	230,000	228,000	(2,000)
Transfers out	-	-	(1,269,075)	(1,269,075)
Total Other Financing Sources (Uses)	-	230,000	(1,041,075)	(1,271,075)
Net Change in Fund Balance	-	(100,000)	52,740	152,740
Fund Balance - Beginning of Year	100,000	100,000	100,000	-
Fund Balance - End of Year	\$ 100,000	\$ -	\$ 152,740	\$ 152,740

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN

Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS							
Current Assets							
Cash and investments	\$ 360,879	\$ 9,432,598	\$ 349,837	\$ -	\$ 439,643	\$ 11,021	\$ 10,593,978
Taxes receivable	-	-	1,226,857	-	17,960	41,670	1,286,487
Accounts receivable	62,424	415,469	308,783	304,542	2,591	-	1,093,809
Due from other governments	869,469	-	-	-	-	-	869,469
Inventories and prepaid items	1,206,950	663,566	131,061	21,337	-	42,721	2,065,635
Total Current Assets	2,499,722	10,511,633	2,016,538	325,879	460,194	95,412	15,909,378
Capital Assets							
Work in progress	7,121	-	-	-	-	-	7,121
Land/land improvements	517,886	-	664,278	-	11,116,529	3,222,168	15,520,861
Buildings/building improvements	2,675,332	9,210	6,578,259	-	137,227	284,567	9,684,595
Machinery and equipment	10,987,962	314,304	1,539,210	-	362,259	853,933	14,057,668
Less accumulated depreciation	(8,371,365)	(141,202)	(6,264,522)	-	(5,870,984)	(2,053,377)	(22,701,470)
Total Capital Assets - Net	5,816,916	182,312	2,517,225	-	5,745,031	2,307,291	16,568,775
TOTAL ASSETS	8,316,638	10,693,945	4,533,763	325,879	6,205,225	2,402,703	32,478,153
LIABILITIES							
Current Liabilities							
Accounts payable	203,581	3,418,284	110,515	17,109	2,359	11,575	3,763,423
Accrued payroll liabilities	358,511	193,360	381,675	110,683	1,582	24,118	1,069,929
Due to other funds	71,841	-	-	54,184	-	1,171,122	1,297,147
Due to other governments	799	47	210	-	-	4,360	5,416
Unearned revenues	-	-	1,255,186	16,488	29,532	44,572	1,345,778
Current maturities of long-term obligations	107,140	5,539	88,560	25,238	-	11,342	237,819
Total Current Liabilities	741,872	3,617,230	1,836,146	223,702	33,473	1,267,089	7,719,512
Long-term Obligations							
Noncurrent portion of long-term obligations	292,722	50,286	243,763	58,848	894	8,415	654,928
TOTAL LIABILITIES	1,034,594	3,667,516	2,079,909	282,550	34,367	1,275,504	8,374,440
NET ASSETS							
Invested in capital assets, net of related debt	5,758,458	182,312	2,459,721	-	5,745,031	2,295,949	16,441,471
Restricted	-	6,844,117	-	-	-	-	6,844,117
Unrestricted (deficit)	1,523,586	-	(5,867)	43,329	425,827	(1,168,750)	818,125
TOTAL NET ASSETS	\$ 7,282,044	\$ 7,026,429	\$ 2,453,854	\$ 43,329	\$ 6,170,858	\$ 1,127,199	\$ 24,103,713
							\$ 65,100

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2009

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
Operating Revenues							
Public charges for services	\$ -	\$ 32,857,544	\$ 3,977,025	\$ 1,659,887	\$ 102,728	\$ 630,194	\$ 39,227,378
Intergovernmental charges for services	3,466,170	-	-	-	500	-	3,466,670
Interdepartmental charges for services	7,008,563	1,835	1,626,222	-	-	8,585	8,645,205
Miscellaneous	4,530	248,844	36,368	12,078	760	4,617	307,197
Total Operating Revenues	10,479,263	33,108,223	5,639,615	1,671,965	103,988	643,396	51,646,450
Operating Expenses							
General government	-	-	-	-	-	-	535,578
Public works	9,769,433	-	-	-	159,979	47,375	9,976,787
Health and human services	-	35,023,049	8,141,820	2,121,644	-	-	45,286,513
Culture, recreation and education	-	-	-	-	-	697,890	697,890
Depreciation	895,815	51,146	267,167	7,857	540,662	125,726	1,888,373
Total Operating Expenses	10,665,248	35,074,195	8,408,987	2,129,501	700,641	870,991	57,849,563
Operating Income (Loss)	(185,985)	(1,965,972)	(2,769,372)	(457,536)	(596,653)	(227,595)	(6,203,113)
Nonoperating Revenues (Expenses)							
Property taxes	27,095	-	1,326,857	74,594	32,897	37,000	1,498,443
Intergovernmental	46,452	92,980	1,029,896	242,956	-	-	1,412,284
Investment income	-	50,897	-	-	-	25	50,922
Miscellaneous revenue	140,884	46,810	2,196	-	163	-	190,053
Payment in lieu of taxes	-	-	-	-	-	(51,500)	(51,500)
Interest expense	(15,284)	-	(16,981)	(16,527)	-	(6,310)	(55,102)
Gain (loss) on sale of capital assets	-	-	2,308	(407,928)	-	3,726	(401,894)
Total nonoperating revenue (expense)	199,147	190,687	2,344,276	(106,905)	33,060	(17,059)	2,643,206
Income (loss) before contributions and transfers	13,162	(1,775,285)	(425,096)	(564,441)	(563,593)	(244,654)	(3,559,907)
Capital contributions - state/federal	-	-	-	-	227,407	-	227,407
Transfers in	709,179	-	31,981	16,527	600,000	-	1,357,687
Transfers out	-	-	-	-	-	-	(6,000)
Change in Net Assets	722,341	(1,775,285)	(393,115)	(547,914)	263,814	(244,654)	(1,974,813)
Net Assets - Beginning of Year	6,559,703	8,801,714	2,846,969	591,243	5,907,044	1,371,853	26,078,526
Net Assets - End of Year	\$ 7,282,044	\$ 7,026,429	\$ 2,453,854	\$ 43,329	\$ 6,170,858	\$ 1,127,199	\$ 24,103,713
							\$ 65,100

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2009

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
Cash Flows from Operating Activities:							
Cash received from user charges	\$ 4,048,659	\$ 31,719,480	\$ 4,088,665	\$ 1,515,677	\$ 103,651	\$ 655,873	\$ 42,132,005
Cash received from other funds	7,008,563	1,835	1,626,222	-	500	-	8,637,120
Cash received from other government payments	-	-	-	-	-	-	-
Cash payments to suppliers	(5,834,976)	(27,632,593)	(3,748,892)	(1,508,043)	(202,785)	(252,451)	(39,179,740)
Cash payments to employees	(4,331,657)	(3,632,448)	(4,422,094)	(733,183)	(54,386)	(276,546)	(13,450,314)
Net Cash Provided (Used) by Operating Activities	890,589	456,274	(2,456,099)	(725,549)	(153,020)	126,876	(1,860,929)
Cash Flows from Noncapital Financing Activities:							
Property taxes	27,095	-	1,326,857	74,594	32,897	37,000	1,498,443
Intergovernmental	46,452	139,877	1,087,598	326,003	-	-	1,599,930
Transfers in	632,784	-	31,981	16,527	600,000	-	1,281,292
Transfers out	-	-	-	-	-	-	(6,000)
Net Cash Provided (Used) by Noncapital Financing Activities	706,331	139,877	2,446,436	417,124	632,897	37,000	4,379,665
Cash Flows from Capital and Related Financing Activities:							
Acquisition of capital assets	(1,280,249)	(72,734)	(413,073)	-	(40,234)	(81,424)	(1,887,714)
Proceeds from sale of capital assets	880	-	-	333,405	-	3,726	338,011
Principal payments on long-term debt	-	-	(10,702)	(8,453)	-	(21,452)	(40,607)
Proceeds from issuance of long-term debt	58,458	-	57,505	-	-	-	115,963
Payment in lieu of taxes	-	-	-	-	-	(51,500)	(51,500)
Interest payments on long-term debt	(15,284)	-	(16,981)	(16,527)	-	(6,310)	(55,102)
Net Cash Used by Capital and Related Financing Activities	(1,236,195)	(72,734)	(383,251)	308,425	(40,234)	(156,960)	(1,580,949)
Cash Flows from Investing Activities:							
Investment income	-	50,897	-	-	-	25	50,922
Net Increase (Decrease) in Cash and Cash Equivalents	360,725	574,314	(392,914)	-	439,643	6,941	988,709
Cash and Cash Equivalents - Beginning of Year	154	8,858,284	742,751	-	-	4,080	9,605,269
Cash and Cash Equivalents - End of Year	\$ 360,879	\$ 9,432,598	\$ 349,837	\$ -	\$ 439,643	\$ 11,021	\$ 10,593,978
							\$ 97,384

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended December 31, 2009

	Business-type Activities-Enterprise Funds					Governmental Activities-	
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/RehabCenter	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
\$ (185,985) \$ (1,965,972) \$ (2,769,372) \$ (457,536) \$ (596,653) \$ (227,595) \$ (6,203,113) \$ (206,089)							
895,815	51,146	267,167	7,857	540,662	125,726	1,888,373	13,788
(40,293)	2,300,720	111,641	(144,210)	(2,008)	16	2,225,866	-
582,489	-	-	-	-	-	582,489	-
(157,494)	(376,819)	(17,546)	(6,710)	1,079	(941)	(558,431)	891
10,468	570,765	(46,736)	3,296	(642)	5,854	543,005	2,015
(22,059)	(118,483)	(22,828)	36,366	(35)	6,120	(120,919)	2,164
(169,069)	(4,065)	-	(128,198)	(31,958)	219,953	(113,337)	-
(16,604)	7	(387)	-	-	473	(16,511)	-
(135,702)	-	(108,699)	(61,245)	(13,465)	(1,391)	(320,502)	-
-	-	-	-	-	-	-	-
129,023	(1,025)	130,661	24,831	(50,000)	(1,339)	232,151	6,429
\$ 890,589 \$ 456,274 \$ (2,456,099) \$ (725,549) \$ (153,020) \$ 126,876 \$ (1,860,929) \$ (180,802)							

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities
Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
Depreciation
Changes in assets and liabilities
Accounts receivable
Due from other governments
Inventories and prepaid items
Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Unearned revenues
Interest payable
Other liabilities
Net Cash Provided by (Used for) Operating Activities

FOND DU LAC COUNTY
Statement of Net Assets
Agency Funds
December 31, 2009

	Agency Funds
ASSETS	
Cash and investments	\$ 6,181,735
Receivables	
Delinquent special assessments	193,328
Accounts	563
Due from other governments	<u>1,201,844</u>
TOTAL ASSETS	<u><u>\$ 7,577,470</u></u>
LIABILITIES	
Accounts payable	\$ 616,848
Due to other governments	6,137,520
Other liabilities	<u>823,102</u>
TOTAL LIABILITIES	<u><u>\$ 7,577,470</u></u>

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Fond du Lac County ("the County"), Fond du Lac, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

The County is a municipal corporation governed by an elected 18 member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units. The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability the County has with the organization. The following circumstances set forth the County's financial accountability for a legally separate organization:

- a. The County is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
- b. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the previous criterion, the following component unit is included within the reporting entity.

Housing Authority of Fond du Lac County

The basic financial statements include the Housing Authority of Fond du Lac County (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Housing Authority, and also create a potential financial benefit to, or burden on, the County. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The Housing Authority is a separate entity established to administer the housing program for low and moderate income families. It is funded by federal and state grants and rental income. The information presented is for the fiscal year ended June 30, 2009. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office at 15 North Marr Street, Fond du Lac, WI.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are supported primarily by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, permanent, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. The County has two internal service funds: Central Maintenance and Health Self-Insurance. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

COUNTY ROAD & BRIDGE FUND

This fund accounts for financial resources used for the maintenance and construction of County road and bridge system.

DEPT OF COMMUNITY PROGRAMS FUND

This fund accounts for financial resources used to provide State mandated services to clients with mental health, alcohol and other drug abuse, developmental disability and closely-related conditions.

DEPT OF SOCIAL SERVICES FUND

This fund accounts for financial resources used to provide services to clients in the areas of income maintenance, counseling and other human services.

CAPITAL PROJECT FUND

This fund accounts for financial resources used for the acquisition, construction and remodeling of major capital facilities other than those financed by proprietary funds and trust funds.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The County reports the following major enterprise funds:

HIGHWAY

This fund accounts for the activities associated with the maintenance and construction of roadways and bridges located within the County.

CARE MANAGEMENT ORGANIZATION

This fund accounts for the activities associated with the family care program serving disabled and elderly clients within a managed care system.

HEALTH CARE CENTER

This fund accounts for the activities associated with the skilled nursing facility serving disabled clients.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

ROLLING MEADOWS NURSING/REHAB CENTER

This fund accounts for the activities associated with the skilled nursing facility serving elderly clients, including a Medicare certified therapy program.

AIRPORT

This fund accounts for the activities associated with the County's airport facilities.

Additionally, the government reports the following fund types:

Internal service funds account for central maintenance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The *permanent fund* is used to account for resources legally held in trust for the Sheriff Canine Program. Only earnings on the invested resources may be used to support the Sheriff Canine Program.

The County accounts for assets held as an agent for Patient Trust Activity, District Attorney Restitution Activities, Huber Law/Canteen Activities, Clerk of Courts Fund, and Tax Collection Activities in an *agency fund*.

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges to the County's enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$2,059,846.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as advances and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$500 or higher for general capital assets or \$3,000 for road and bridge infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
	Years	
<u>Assets</u>		
Land improvements	25-100	25-100
Building/building improvements	25-50	25-50
Machinery and equipment	3-10	3-10
Infrastructure	10-50	-

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT- WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, debt service fund, capital project fund, internal service funds and enterprise funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund, internal service funds and enterprise funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and the committee of jurisdiction and are subsequently authorized by the County Board. Minor budgetary transfers within an activity or department, defined as \$1,500 or ten percent of the activity or department's aggregate approved budget, whichever is less, may be authorized by action of the Finance, Personnel, and Economic Development Committee of the County Board, without going to the full County Board for approval.
- e. Encumbrance accounting is used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2009.

2. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general, major special revenue and debt service funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2009 as follows:

Fund	Function	Excess Expenditures
General Fund	Commissions and Committees	\$ 2,039
General Fund	Clerk of Courts	38,111
General Fund	District Attorney Victim/Witness Prog	4,209
General Fund	County Clerk	4,686
General Fund	Land Information	64
General Fund	Miscellaneous Nondept Revenues	200,245
General Fund	Miscellaneous Nondept Expenditures	1,869
General Fund	Jail Building Maintenance	15,684
General Fund	Health Department	40,796
General Fund	Home Health	11,000
General Fund	UW Center-Fond du Lac Campus	7,940
General Fund	Land/Water Conservation	57,238
General Fund	Natural Beauty Council	93
General Fund	County Promotion	10,857
General Fund	CDBG-Emergency Assistance Prog	190,094
General Fund	CDBG-Revolving Loan Fund	649,089
Highway	County construction/road & bridge	509,826
Dept of Community Prog	Physical disabilities	1,733
Dept of Community Prog	Administration	13,448
Dept of Social Services	Adult abuse	176
Dept of Social Services	Child care	6,298
Dept of Social Services	Community options/waivers	27,767
Dept of Social Services	General relief	1,373
Dept of Social Services	Low income home energy assistance	64,718
Dept of Social Services	Youth aids	182,959
Debt Service Fund	Principal	2,097,378

The above excess expenditures were funded using favorable revenue variances and available fund balance in the general, special revenue and debt service funds.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

PRIMARY GOVERNMENT

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$30,800,701 on December 31, 2009 as summarized below:

Cash on hand	\$ 9,640
Deposits with financial institutions	21,337,721
Investment	
Wisconsin local government investment pool	9,453,340
	<u>\$ 30,800,701</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 24,618,966
Fiduciary funds	
Agency funds	6,181,735
	<u>\$ 30,800,701</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

Deposits with Financial Institutions

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian through December 31, 2013. In addition, the County's non-interest bearing transaction accounts are fully insured under the Temporary Liquidity Guarantee Program through December 31, 2010. On January 1, 2014 the coverage limit for all accounts will return to \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member through December 31, 2013. On January 1, 2014, the coverage limit will return to \$100,000 for each member. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2009, none of the County's deposits with financial institutions is in excess of federal and state depository insurance limits and uncollateralized.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Custodial credit for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County's policy is to have their operating bank collateralize their average balance on deposit.

Investments

The County has investments in the Wisconsin local government investment pool of \$9,453,340 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2009, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have an interest rate risk policy. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

DISCRETELY PRESENTED COMPONENT UNIT

At year end, the carrying amount of the Housing Authority, a discretely presented component unit, was \$345,807 and the bank balance was \$349,012. All of the bank balance was covered by FDIC insurance.

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2009 for collection in 2010 are for the following:

State apportionment	\$ 1,201,844
County apportionment	36,616,178
	<u>\$37,818,022</u>

The above County apportionment of \$36,616,178 is for financing 2010 operations and will be transferred in 2010 from deferred revenue to current revenues of the County's governmental and proprietary funds.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2009, the County's general fund showed an investment of \$2,162,285 in delinquent taxes as follows:

Tax certificates	\$2,147,194
Tax deeds	15,091
Total	<u>\$2,162,285</u>

An aging of the total delinquent taxes of \$2,162,285 on December 31, 2009 follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2004	\$ 2,526	\$ 2,500	\$ 26
2004	9,045	9,045	-
2005	13,291	13,291	-
2006	61,762	61,762	-
2007	177,176	176,565	611
2008	479,263	474,982	4,281
2009	1,419,222	1,409,049	10,173
	<u>\$2,162,285</u>	<u>\$2,147,194</u>	<u>\$ 15,091</u>

Of the total of \$2,162,285 for delinquent taxes, \$270,995 was collected by the County within 60 days after December 31, 2009. Of the remaining unpaid balance, \$1,424,090 is recorded as reserved general fund balance and \$467,200 is recorded as a deferred property tax liability on the general fund balance sheet.

4. Accounts Receivable

Accounts receivable as of year end for the County's individual major governmental funds and aggregate nonmajor governmental, including the applicable allowances for uncollectible accounts, are as follows:

	General	Dept of Community Programs	Dept of Social Services	Nonmajor and Other Funds	Total
Accounts Receivable:					
Accounts	\$ 925,251	\$ 2,281,873	\$ 7,124	\$ 1,684	\$ 3,215,932
Accrued interest	226,205	-	-	210	226,415
Due from other governments	962,227	458,329	126,699	-	1,547,255
Gross receivables	2,113,683	2,740,202	133,823	1,894	4,989,602
Less: allowance for uncollectibles	-	2,059,846	-	-	2,059,846
Net total accounts receivable	<u>\$ 2,113,683</u>	<u>\$ 680,356</u>	<u>\$ 133,225</u>	<u>\$ 1,894</u>	<u>\$ 2,929,756</u>

There is no allowance for uncollectibles in any proprietary fund type receivable.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

5. Loans Receivable

Loans receivable as of year end for the County's individual major governmental funds and aggregate nonmajor governmental are as follows:

	General	Total
Loans Receivable:		
Mercury Marine loan	\$ 20,000,000	\$ 20,000,000
CDBG loans	1,236,687	1,236,687
Total loans receivable	\$ 21,236,687	\$ 21,236,687

The Fond du Lac County Economic Development Corporation is acting as the County's fiscal agent for all loans receivable noted.

The Mercury Marine loan accrues interest at a rate of two percent. Interest and principal payments commence in 2012, with the outstanding balance of principal and all accrued but unpaid interest due in full in 2021. Each year commencing in 2012, a portion of the principal balance will be forgiven based on the number of employees retained and added. The formula for calculating the amount forgiven annually is pursuant to a financing agreement among Fond du Lac County, the Economic Development Corporation, the City of Fond du Lac and Mercury Marine.

The other loans are to a number of companies as part of a Community Development Block Grant revolving loan fund. The loans are at low interest rates and for various terms.

6. Capital Assets

Capital asset activity of the County for the year ended December 31, 2009 was as follows:

PRIMARY GOVERNMENT

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,662,868	\$ 613,587	\$ -	\$ 3,276,455
Capital assets, being depreciated:				
Land improvements	5,520,267	306,476	64,086	5,762,657
Buildings/building improvements	53,128,628	783,793	12,680	53,899,741
Machinery and equipment	15,537,814	2,232,072	487,950	17,281,936
Infrastructure	57,342,791	2,676,047	902,266	59,116,572
Subtotals	131,529,500	5,998,388	1,466,982	136,060,906
Less accumulated depreciation for:				
Land improvements	2,877,448	197,648	25,770	3,049,326
Buildings/building improvements	18,383,965	1,512,507	-	19,896,472
Machinery and equipment	11,143,805	1,906,593	330,063	12,720,335
Infrastructure	27,892,692	1,846,190	967,950	28,770,932
Subtotals	60,297,910	5,462,938	1,323,783	64,437,065
Total capital assets, being depreciated, net	71,231,590	535,450	143,199	71,623,841
Governmental activities capital assets, net	\$ 73,894,458	\$ 1,149,037	\$ 143,199	74,900,296
Less related long-term debt outstanding				31,427,163
Invested in capital assets, net of related debt				\$ 43,473,133

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 980,404	\$ 171,808	\$ -	\$ 1,152,212
Work in progress	-	7,121	-	7,121
Subtotals	980,404	178,929	-	1,159,333
Capital assets, being depreciated:				
Land improvements	14,410,401	115,352	157,104	14,368,649
Buildings/building improvements	12,169,179	455,904	2,940,488	9,684,595
Machinery and equipment	13,746,812	1,438,991	1,128,135	14,057,668
Subtotals	40,326,392	2,010,247	4,225,727	38,110,912
Less accumulated depreciation for:				
Land improvements	6,725,258	613,419	224,808	7,113,869
Buildings/building improvements	9,129,384	345,110	2,264,974	7,209,520
Machinery and equipment	8,537,947	929,844	1,089,710	8,378,081
Subtotals	24,392,589	1,888,373	3,579,492	22,701,470
Total capital assets, being depreciated, net	15,933,803	121,874	646,235	15,409,442
Business-type activities capital assets, net	\$ 16,914,207	\$ 300,803	\$ 646,235	\$ 16,568,775
Less related long-term debt outstanding				127,304
Invested in capital assets, net of related debt				<u>\$ 16,441,471</u>

Depreciation expense was charged to functions of the County as follows:

PRIMARY GOVERNMENT

Governmental activities	
General government	\$ 616,232
Public safety	1,860,088
Public works	1,846,190
Health and human services	247,198
Culture, recreation and education	828,560
Conservation and development	64,670
Total depreciation expense - governmental activities	<u>\$5,462,938</u>
Business-type activities	
Highway	\$ 895,815
Care Management Organization	51,146
Health Care Center	267,167
Rolling Meadows Nursing/Rehab Center	7,857
Airport	540,662
Rolling Meadows Golf Course	108,832
Landfill	16,894
Total depreciation expense - business-type activities	<u>\$1,888,373</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Capital asset activity of the Housing Authority for the year ended June 30, 2009 was as follows:

DISCRETELY PRESENTED COMPONENT UNIT

	Beginning Balance	Increases	Decreases	Ending Balance
Fond du Lac County Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 17,387	\$ -	\$ -	\$ 17,387
Construction in progress	-	49,775	-	49,775
Subtotals	17,387	49,775	-	67,162
Capital assets, being depreciated:				
Leasehold improvements	81,843	4,842	655	86,030
Buildings/building improvements	2,280,892	-	755	2,280,137
Machinery, equipment, furnishings	97,817	599	2,430	95,986
Subtotals	2,460,552	5,441	3,840	2,462,153
Less accumulated depreciation	1,311,615	98,383	2,617	1,407,381
Total capital assets being depreciated, net	1,148,937	(92,942)	1,223	1,054,772
Total capital assets, net	\$1,166,324	\$ (43,167)	\$ 1,223	\$1,121,934

Depreciation expense was charged to functions of the Housing Authority as follows:

DISCRETELY PRESENTED COMPONENT UNIT

Low Rent Public Housing	\$ 95,584
Voucher Program	2,799
Total depreciation expense- Housing Authority	<u>\$ 98,383</u>

7. Interfund Receivable, Payables, and Transfers

The composition of interfund balances as of December 31, 2009 is as follows:

Due to/from other funds:		Amount
Receivable Fund	Payable Fund	

Temporary Cash Advances to Finance Operating Cash Deficits:

General Fund	Highway	\$ 71,841
	Rolling Meadows Nursing/Rehab Center	54,184
	Golf Course	1,089,739
	Landfill	81,383
Total		<u>\$1,297,147</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Interfund transfers for the year ended December 31, 2009 were as follows:

	Transfer to Fund	Transfer from Fund
Transfers between Funds		
General Fund	\$ 2,780,869	\$ 1,192,501
Special Revenue Funds		
County Road & Bridge	-	326,395
Dept. of Community Programs	-	1,370,794
Dept. of Social Services	-	1,269,075
Debt Service Funds		
Advance Alliant Energy – Jail Expansion	-	1
G.O. Refunding Bonds (2001)	75,000	-
G.O. Taxable Refunding Bonds (2002)	-	48,792
G.O. Corporate Purpose Bonds (2005)	-	1
G.O. Promissory Notes (2008)	2	-
G.O. Taxable Promissory Notes (2008)	1	-
Internal Service Funds		
Central Maintenance	-	6,000
Enterprise Funds		
Highway	709,179	-
Health Care Center	31,981	-
Rolling Meadows Nursing/Rehab Center	16,527	-
Airport	600,000	-
Totals	<u>\$ 4,213,559</u>	<u>\$ 4,213,559</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

8. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable:		
General	\$ -	\$ 15,552,072
County Road & Bridge	-	3,009,895
Dept of Community Programs	-	4,176,780
Dept of Social Services	-	7,108,638
Debt Service	-	5,266,881
Central Maintenance – Internal Service Fund	-	215,425
Delinquent property taxes receivable – General Fund	-	467,200
CDBG loans thru FCEDC	1,236,687	-
Mercury Marine loans thru FCEDC	20,000,000	-
Grant and other receivables	682,753	274,497
Totals	<u>\$ 21,919,440</u>	<u>\$ 36,071,388</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

9. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2009:

	Outstanding 1/1/09	Issued	Retired	Outstanding 12/31/09	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General Obligation Debt					
Bonds	\$ 15,760,000	\$ -	\$ 3,005,000	\$ 12,755,000	\$ 680,000
Notes	16,925,000	26,885,000	2,420,000	41,390,000	3,070,000
Total General Obligation Debt	32,685,000	26,885,000	5,425,000	54,145,000	3,750,000
Alliant Energy Advance	463,319	-	224,156	239,163	239,163
State trust fund loan	-	228,000	-	228,000	-
Compensated absences	1,271,211	103,685	57,435	1,317,461	453,170
Unfunded other post employment benefits	454,557	471,524	-	926,081	-
Governmental activities					
Long-term liabilities	\$ 34,874,087	\$ 27,688,209	\$ 5,706,591	\$ 56,855,705	\$ 4,442,333
BUSINESS-TYPE ACTIVITIES:					
Alliant Energy Advance	\$ 19,155	\$ 115,963	\$ 19,155	\$ 115,963	\$ 23,197
Capital Lease	32,794	-	21,452	11,342	11,342
Compensated absences	402,756	65,994	34,625	434,125	203,284
Unfunded other post employment benefits	174,142	157,175	-	331,317	-
Business-type activities					
Long-term liabilities	\$ 628,847	\$ 339,132	\$ 75,232	\$ 892,747	\$ 237,819

Total interest paid during the year on long-term debt totaled \$1,238,398.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$29,268 of internal service funds compensated absences and unfunded other post employment benefits are included in the above amounts.

The Housing Authority, a discretely presented component unit, has no long term debt at June 30, 2009.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds		
\$6,070,000 issued 12/4/02; \$410,000 to \$605,000 due annually through 2015; interest 3.00% to 5.00%		\$ 3,185,000
\$9,800,000 issued 3/1/05; \$230,000 to \$920,000 due annually through 2025; interest 3.25% to 4.00%		9,570,000
Notes		
\$3,415,000 issued 4/3/06; \$415,000 to \$645,000 due annually through 2013; interest 4.00%		1,860,000
\$4,500,000 issued 4/2/07; \$430,000 to \$750,000 due annually through 2014; interest 4.00%		3,460,000
\$1,500,000 issued 4/15/08; \$1,500,000 due in 2012; interest 5.00%		1,500,000
\$9,080,000 issued 4/15/08; \$1,205,000 to \$1,695,000 due annually through 2014; interest 3.50%		7,685,000
\$6,885,000 issued 4/6/09; \$425,000 to \$1,915,000 due annually through 2016; interest 3.00% to 4.00%		6,885,000
\$20,000,000 issued 11/17/09; \$20,000,000 due in 2012; interest 3.00%		20,000,000
Total Outstanding General Obligation Debt		<u>\$54,145,000</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Annual principal and interest maturities of the outstanding general obligation debt of \$54,145,000 on December 31, 2009 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 3,750,000	\$ 1,830,831	\$ -	\$ -	\$ 3,750,000	\$ 1,830,831
2011	3,975,000	1,712,553	-	-	3,975,000	1,712,553
2012	25,800,000	1,558,642	-	-	25,800,000	1,558,642
2013	4,715,000	716,363	-	-	4,715,000	716,363
2014	4,045,000	549,612	-	-	4,045,000	549,612
2015-2019	6,915,000	1,450,462	-	-	6,915,000	1,450,462
2020-2024	4,025,000	601,100	-	-	4,025,000	601,100
2025	920,000	18,400	-	-	920,000	18,400
	<u>\$54,145,000</u>	<u>\$ 8,437,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$54,145,000</u>	<u>\$ 8,437,963</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2009 was \$301,570,110 as follows:

Equalized valuation of the County	\$7,114,302,200
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	355,715,110
Less: Total outstanding general obligation debt applicable to debt limitation	54,145,000
Legal Margin for New Debt	<u>\$ 301,570,110</u>

Capital Leases

The County is obligated for capital leases that were used to finance the acquisition of capital assets. Presented below is a schedule of future minimum lease payments at December 31, 2009:

Year Ending	Amount
2010	\$ 11,839
Less: Amount representing interest	497
Present value of future minimum lease payments	<u>\$ 11,342</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

10. Fund Equity/Net AssetsGovernment-wide Statements

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2009 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt	
Land/land improvements	\$ 5,989,786
Buildings/building improvements	34,003,269
Machinery and equipment	4,561,601
Infrastructure	30,345,640
Less: related long-term debt outstanding	(31,427,163)
Total Invested in Capital Assets, Net of Related Debt	<u>43,473,133</u>
Restricted	
CDBG loans	1,236,687
Sheriff Canine Fund	50,000
Unrestricted	<u>9,349,427</u>
Total Governmental Activities Net Assets	<u>\$ 54,109,247</u>

Net assets of the business-type activities reported on the government-wide statement of net assets at December 31, 2009 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt	
Work in progress	\$ 7,121
Land/land improvements	8,406,992
Buildings/building improvements	2,475,075
Machinery and equipment	5,679,587
Less: related long-term debt outstanding	(127,304)
Total Invested in Capital Assets, Net of Related Debt	<u>16,441,471</u>
Restricted	
Care Management Organization	6,844,117
Unrestricted	<u>818,125</u>
Total Business-Type Activities Net Assets	<u>\$ 24,103,713</u>

Fund Statements

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2009, fund balance was reserved as follows:

General Fund	
Reserved for inventories and prepaid items	\$ 378,682
Reserved for delinquent property taxes	1,424,090
Dept of Community Programs	
Reserved for inventories and prepaid items	136,844
Dept of Social Services	
Reserved for inventories and prepaid items	148,952
Nutrition Fund	
Reserved for inventories and prepaid items	1,946
Sheriff Canine Fund	
Reserved for sheriff canine fund	50,000
Total	<u>\$2,140,514</u>

FOND DU LAC COUNTY, WISCONSIN**Notes to Basic Financial Statements**

December 31, 2009

Also in the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2009, fund balance was designated as follows:

MAJOR FUNDS**General Fund**

Designated for subsequent years expenditure	\$6,429,430
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Special Revenue Funds**County Road & Bridge**

Designated for subsequent years expenditure	1,286,019
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Capital Project Funds**Interoperability Project**

Designated for subsequent years expenditure	90,743
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NONMAJOR FUNDS**Special Revenue Fund****Nutrition Program**

Designated for subsequent years expenditure	30,356
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Permanent Fund**Sheriff Canine Fund**

Designated for subsequent years expenditure	18,465
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Total	<u>\$7,855,013</u>
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NOTE D - OTHER INFORMATION**1. Retirement Commitments**

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers and 440 hours for Educational Support Staff effective July 1, 2009) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.9% of their salary (3.0% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. The County funds the employee share, with a maximum County contribution per pay period or annually, based on level of position and/or employment group. Required employee contributions in excess of this amount are paid by the employee. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2009 was \$41,034,318; the employer's total payroll was \$42,832,550. The total required contribution for the year ended December 31, 2009 was \$4,443,926, which consisted of \$2,090,540, or 5.1% of covered payroll from the employer and \$2,353,386, or 5.7% of covered payroll from employees. \$2,196,591 of the required contribution for employees for the year ended December 31, 2009 was financed by the County. Total contributions for the years ending December 31, 2008 and 2007 were \$4,524,003 and \$4,066,263, respectively, equal to the required contributions for each year.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The Housing Authority, a discretely presented component unit, does not provide a retirement plan for its employees.

2. Other Post Employment Benefits

Plan Description – The County provides health care insurance coverage for employees who retire at blended rates. This results in an other post-employment benefit for the retirees, commonly referred to as an implicit rate subsidy. The retired employee contributes 100% of the premium. There are 722 active and 88 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation – The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 876,182
Interest on net OPEB	25,148
Adjustment to annual required contribution	(46,631)
Annual OPEB cost (expense)	854,699
Less: Contributions made	226,000
Change in net OPEB obligation	628,699
OPEB obligation – beginning of year	628,699
OPEB obligation – end of year	\$1,257,398

The annual required contribution for the current year was determined as part of the September 30, 2008 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 4.0% discount rate.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized using a level dollar method. The remaining amortization periods at December 31, 2009 is 28 years, and the remaining amount is \$6,383,284.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

Trend Information – The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 829,699	24.2%	\$ 628,699
12/31/09	\$ 866,371	26.1%	\$1,269,070

Funding Status and Funding Progress – As of September 30, 2008, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$7,202,138. The annual payroll for active employees covered by the plan for the 2009 fiscal year was \$41,034,318 for a ratio of the UAAL to covered payroll of 17.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2008 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10.0% for medical, reduced by decrements to an ultimate rate of 4.5% after twenty years. The UAAL is being amortized using a level dollar method. The remaining amortization period at December 31, 2009 was 28 years.

3. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage.

4. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration has been conducted, but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. Medicare and Medicaid cost reports of the Health Care Center and Rolling Meadows Nursing and Rehabilitation Center Enterprise Funds and the Home Health Program in the General Fund have been submitted to the appropriate authorities. These reports are subject to audit by representatives of these programs, which may result in increases or decreases in funding.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

- c. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

5. Limitations on the County's Tax Levy, Tax Levy Rate and Its Ability to Issue New Debt

Wisconsin Act 25, effective July 27, 2005, imposes a limit on the property tax levies for all of Wisconsin cities, villages, towns and counties for a two-year period. The Act limits the increase in the tax levy to the greater of the percentage change in the County's January 1st equalized value as a result of net new construction or three percent. The actual limit for the County for the 2010 budget was 3.452%. The levy limit is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

As part of Wisconsin's State Budget Bill (1993 Act 16), legislation was passed that limits the County's future tax levy rates. Generally, the County is limited to its 1992 tax levy rate based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds. The County may exceed the limitation by holding a referendum (according to state statutes) authorizing the County Board to approve a higher rate. The County may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

6. Conduit Debt Obligations

From time to time, the County has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2009, there are two series of Revenue Bonds outstanding. The first, a \$1,000,000 Revenue Bond, Series 1998, was approved by the Fond du Lac County Housing Authority and the Fond du Lac County Board to finance the renovation and rehabilitation of existing facilities of the Fond du Lac Lutheran Home, Inc. The second, a reissuance of \$1,185,000 Health Care Facilities Revenue Bonds, Series 2000, closed in December, 2003, was approved by the Fond du Lac County Board to finance the acquisition and capital improvements of facilities of the ARC of Fond du Lac, a Wisconsin nonprofit corporation. These bonds are a limited obligation of the County payable solely from revenues received by the County pursuant to a note and sale agreement with ARC of Fond du Lac.

7. Subsequent Event – Economic Support to Mercury Marine

Mercury Marine is a recreational marine market company with headquarters and manufacturing facilities in the City of Fond du Lac. In 2009 it indicated that it must reduce its manufacturing capacity and cost structure to ensure profitability and sustainability by consolidating its operations in the City of Fond du Lac or Stillwater, Oklahoma. The County Board determined it to be in the best interest of the County to provide financial assistance to Mercury Marine to limit job loss, reduction in property values and increased unemployment.

To provide financial assistance to Mercury Marine, the County Board approved by an Initial Resolution in September, 2009 the borrowing of not to exceed \$50,000,000 to make an appropriation to the Fond du Lac County Economic Development Corporation ("Economic Development Corporation") which will provide economic support to Mercury Marine. The Economic Development Corporation will use the appropriation to make loans to Mercury Marine pursuant to an agreement among Fond du Lac County, the Economic Development Corporation, the City of Fond du Lac and Mercury Marine.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2009

In March, 2010, the County Board authorized the borrowing and sale of \$10,000,000 of General Obligation Promissory Notes (the "notes"), for the public purpose of paying the cost of making another appropriation to the Economic Development Corporation. These notes bring the total borrowed to \$30,000,000, of the not to exceed \$50,000,000, approved for this purpose.

Amounts repaid on the loan to the Economic Development Corporation will be paid to the County and applied to pay the principal and interest on the notes.

7. Subsequent Event – Lakeland Care District

In April, 2009, the Fond du Lac County Board of Supervisors authorized participation in a regional long term care district, jointly with Manitowoc and Winnebago counties, named the Lakeland Care District. The Wisconsin Department of Health Services entered into a contractual agreement with the Lakeland Care District to provide family care services to the multi-county district effective January 1, 2010. Creative Care Options of Fond du Lac County ceased operating on December 31, 2009. The Fond du Lac County Board authorized the transfer of the assets, liabilities and equity of Creative Care Options to the Lakeland Care District on January 1, 2010 by resolution adopted in November, 2009.

8. Subsequent Event – County Sales Tax

In September, 2009, the Fond du Lac County Board of Supervisors authorized the imposition of a county sales and use tax at the rate of 0.5% on the sales or lease or service taxable effective April 1, 2010.